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ARTICLES:

- (1) Minshuto head Maehara hints at the existence of "secret account"

SANKEI (Page 4) (Full)
February 20, 2006

Appearing on the Fuji TV program "Hodo 2001" on Sunday morning, Minshuto (Democratic Party of Japan) President Seiji Maehara stated on his party member's claim that former Livedoor President Takafumi Horie had ordered his staff to send 30 million yen to the second son of Liberal Democratic Party (LDP) Secretary General Tsutomu Takebe:

"Mr. Takebe has said that he searched the bank accounts of his son and son's company, but generally speaking, no one uses regular accounts for such transactions. We have obtained information about financial institutions."

Maehara indicated in his remark the possibility that a "secret bank account" had been used for the transfer of the 30 million yen.

Touching on the copy of an e-mail his party revealed on Feb. 17, Maehara said, "I believe the copy of the e-mail is highly credible." He then stressed again that his party would call for the exercise of the right of a Diet member to investigate state affairs so that parties concerned will submit documents. "We haven't brought on many issues to argue with the ruling coalition." He indicated that his party got information on a specific bank.

Toranosuke Katayama, secretary general of the LDP caucus in the House of Councillors, strongly reacted, arguing, "If we use the administrative investigation rights for every issue, the rights will lose its authority." He called on the largest opposition

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party to present specific evidence such as the sender and recipient of the e-mail.

(2) Foreign Minister Aso says "I'm only saying what I believe is right," although his hawkish remarks come under criticism from overseas

YOMIURI (Page 3) (Full)
February 19, 2006

Foreign Minister Taro Aso's hawkish remarks on historical perceptions of the war, as well as on visits to Yasukuni Shrine by Prime Minister Junichiro Koizumi, have created controversy overseas and within the government. But he continues not to give heed to the criticism, just saying, "I'm saying what I believe is right." Many in the government and ruling parties have been negative toward Aso's stance, with one member saying, "His remarks have had a serious impact on Japan's Asia diplomacy. If he was in any other administration than the Koizumi government, he would have had to resign."

Aso is known for plain speaking. Referring to the northern territories issue, he said at a public meeting held by his ministry on Feb. 18 in Tokyo:

"I want the residents (of the four northern islands) to feel it's good to be a part of Japan. For example, since they are on Japanese territory, Japanese TV programs should be broadcasted to them."

A mid-level Liberal Democratic Party (LDP) member, who is close to Aso, supported Aso's stance, saying, "Mr. Aso's comments are far more interesting and easy to understand than the recitations of what's prepared by bureaucrats."

However, Aso's remarks about history have come under criticism.

The New York Times in an editorial on Feb. 13 severely criticized Aso's remarks that said the Emperor should visit Yasukuni Shrine, and that Japan's policies during its colonial rule of Taiwan helped raise Taiwan's education standard. The editorial said,

"Mr. Aso's sense of diplomacy is as odd as his sense of history."

China last December criticized as "very irresponsible" remarks made by Aso that called China a "threat."

Complaints about Aso's remarks also have been heard within the Foreign Ministry. A senior official said: "The foreign minister's remarks always scare us. We want him to stop making remarks that cause needless diplomatic trouble."

Aso, however, has shown no inclination to stop making hawkish remarks. Instead, he has said, "It's up to them (mass media) if they want to criticize me."

Aso is the grandson of Shigeru Yoshida, who was prime minister in the late 1940s and early 1950s. His upbringing has built in him a keen insight into politics, which many say makes him feel proud that he has his own unique view of foreign policy.

Some LDP members believe Aso wants to make his presence felt strongly before the LDP presidential election in September. Since Chief Cabinet Secretary Shinzo Abe is the most popular candidate

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to succeed Koizumi as LDP president and become prime minister, Aso probably feels he needs to stir public debate to get attention. But if he continues making such controversial remarks, his qualifications to be LDP president and prime minister could be questioned.

Aso's controversial remarks

(At press conference on Dec. 22.), China, Japan's neighboring country with the population of 1 billion people, possesses nuclear weapons and its military spending has continued to rise by double digits for 17 years in a row. The contents of its military spending are extremely unclear. China is becoming a threat to Japan.

(In a speech on Jan. 28 in Nagoya City), (regarding Prime Minister Koizumi's visits to Yasukuni Shrine), those who were killed in the war shouted 'Banzai' for the Emperor or long live the Emperor; no one did it for the prime minister. It is best for the Emperor to visit the shrine.

(In a speech on Feb. 4 in the city of Fukuoka), when Taiwan belonged to Japan, what Japan did first for the Taiwanese people was offering them a compulsory education system. Japan made a bold decision. With the introduction of compulsory education, Taiwan's education standard was raised. Since the island still maintains high education standards, the people of Taiwan have kept up with their previous education level.

(3) Second-generation war-displaced Japanese man found to have been imprisoned in China for seven years; The man says, "At the Foreign Ministry's request, I was gathering information"; Despite the promise to "help him," no helping hand was extended to him
SANKEI (Page 1) (Full)
February 21, 2006

A Japanese man was arrested in China in 1996 for acquiring state secrets, and the man had been imprisoned for about seven years

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until 2003, the Sankei Shimbun learned. In an interview with the Sankei Shimbun, the man said: "I was asked by a Japanese diplomat to gather information. I was told that if I were arrested, I would have been rescued through diplomatic channels. But I was never rescued. Even after I returned home, I've never received a word of apology from the Foreign Ministry." If his story is true, the ministry's exploitation of a private citizen to gather information would depart from the sphere of diplomatic activities. The ministry's poor response to intelligence gathering, including its failure to protect a Japanese national, is again called into question, following the suicide of a

Japanese diplomat at the Shanghai Consulate General.

The man who was imprisoned is Hirofumi Hara, 40, now a Tokyo-based company manager. Hara, along with his mother, a Japanese orphan left behind in China, and other family members, returned to Japan in 1991. He worked at publishing a magazine and other jobs in Tokyo.

According to a Chinese court's ruling obtained by the Sankei Shimbun, Hara was arrested in June 1996 by Chinese authorities on suspicion of possessing secret information belonging to China. The following year, he was sentenced to a jail term of eight years for stealing state secrets. Several Chinese officials who

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allegedly were Hara's accomplices were sentenced to five to seven years in prison.

According to the ruling, Hara obtained state-run New China News Agency's internal secret materials, such as economic policy information, internal reference, international reference and videotapes recording internal reference audio images.

According to Hara, he was first contacted in 1994 by a senior diplomat of the Foreign Ministry's Bureau of Intelligence and Analysis. At the initial stage, Hara and the diplomat simply exchanged views, but soon after, he was asked to gather Chinese information. Hara gathered information in China, taking advantage of such occasions as visiting China on business, and provided the material to the Foreign Ministry official a dozen times. He received 100,000 to 200,000 yen compensation every time he provided information.

During this period, Hara, out of fear of being charged by Chinese authorities, told the Foreign Ministry official that he wanted to end his cooperation with the ministry. But the official persuaded him to continue gathering, telling him: "Do it for Japan's national interests" and "If you should be arrested by Chinese authorities, we'd rescue you through diplomatic channels." However, the reality was that when Hara was arrested and imprisoned, the ministry did nothing but let an official at the Japanese Embassy in Beijing visit him in prison.

After serving his prison term, Hara returned home and searched out the Foreign Ministry official he once was in contact with. The official told him: "What's done is done," and, "If you are hard up for money, why not apply for social security?"

Hara restarted his publishing business and he now works as a consultant on doing business in China.

Hara cited the news reports on the suicide of a Japanese diplomat at the Shanghai Consulate General as the reason he agreed to an interview this time. He stated: "The moment I was arrested, the Foreign Ministry official who been my contact until then was quick to dump me to avoid trouble. I was a victim of the Foreign Ministry's ostrich policy. The Shanghai suicide incident was essentially the same case as mine."

Regarding this case, the Foreign Ministry told the Sankei Shimbun yesterday: "We cannot answer anything concerning a certain individual. We'd like to refrain from offering specifics about our ministry's information-gathering activities."

The Foreign Ministry is irresponsible; Protection is requisite

Remarks by Mitsuhiro Sukanuma, former director-general of the Second Investigation Department in the Public Security Investigation Agency

Real confidential information is treated as classified material, so gathering such information is out of reach of the Foreign Ministry, which is not an intelligence agency. In addition, diplomats are not trained to do so. Even if diplomats get information via someone like the private citizen described in this article, such information would be practically worthless. If

the testimony given by that private citizen is true, it is irresponsible that the Foreign Ministry to have asked that person

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to gather information by telling him, "If you were arrested, we would help you."

The ministry also told the man, "Do it for your country," but when he was in a pinch, it failed to help him. This kind of behavior leaves Hara with the impression that he was betrayed by the state. Protecting information sources is the lifeline of an intelligence agency.

There is an active debate on the need for an intelligence organization. But an intelligence agency is unnecessary if it analyzes only disclosed information. The intelligence agency's role is to get classified information that the other side does not want to be known by others. It also needs to do counterespionage.

When it comes to the suicide of a Japanese official at the Shanghai Consulate General, the post of communications official at each embassy is usually assumed by not diplomats but officials sent by the intelligence agency. It is impossible in other nations to see a communications officer visit a karaoke bar alone.

In this sense, the Foreign Ministry is an immature organization in both gathering and protecting information. The ministry as a whole has weakened. Rebuilding it is a pressing need, indeed.

(4) Efforts to find breakthrough in Iran's nuclear development issue encountering complications; Russia to continue talks to act as mediator; US considering applying sanctions with Russia, China

NIHON KEIZAI (Page 3) (Excerpts)
February 21, 2006

Diplomatic bargaining over Iran's nuclear ambitions will soon reach a climax. On Feb. 20, Iran started talks with Russia, which proposed to act as a broker. Though negotiations fell through, the two countries agreed to continue the talks. In the meantime, Secretary of State Rice of the US, which aims to apply sanctions

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against Iran, left for the Middle East the same day. Concerned countries have agreed to put off sanctions discussions until a board meeting of the International Atomic Energy Agency (IAEA) on Mar. 6. However, a path for finding a breakthrough is not in sight. Tensions in the international community are mounting. Japan, which has a close relationship with Iran through imports of crude oil, will likely be pressed to make a difficult decision.

Setback to Japan's oil interests: Difficult to oppose US, if it comes up with hard-line approach; Limit in what Japan can do in persuading Iran

The Japanese government is doing its utmost for a peaceful settlement of Iran's nuclear development issue. It intends to urge Iranian Foreign Minister Mottaki, who is scheduled to visit Japan on Feb. 27, to immediately suspend his country's uranium enrichment activities. Ahead of this meeting, Japan will also confirm the continuation of diplomatic efforts at a foreign ministerial meeting with Germany to be held in Tokyo on Feb. 21. However, since there is limit in what Japan can do by using its influence, prospects for finding a breakthrough have yet to come into view.

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For Japan, Iran is the third largest oil supplier, following Saudi Arabia and the United Arab Emirates. Japan relies on Iran for about 14% of its total oil imports. It also has a 75% stake

in the development of the Azadegan oil field, which is estimated to have reserves of 5-26 billion barrels. Japan is now preparing to independently develop the Azadegan oil field into a major oil field.

Japan's position over Iran's nuclear development issue is that in the end, it has to act in concert with the US. It will have to be prepared for the impact of a possible hard-line approach by the US regarding Japan's interests in the Azadegan oil field. That is why the Japanese government is trying to act as a mediator, taking advantage of its good relationship with Iran.

However, it is difficult to foresee the future development of the issue. Vice Foreign Minister Shotaro Yachi during yesterday's press conference pointed out, "I do not think that the problem can be settled smoothly, because there are difficult issues involved." It would not be too bad, if sanctions were applied by the UN Security Council with the US, acting in unity with China and Russia. The worst-case scenario for Japan is that it gets caught between the US and Iran in their diplomatic bargaining process.

Crude oil projects in which Japan takes part

- 1. Azadegan oil field: 260,000 barrels a day
- 2. Sakhalin 1 (Russia): 250,000 barrels a day
- 3. Sakhalin 2 (Russia): 160,000 barrels a day
- 4. Rang Dong oil field (Vietnam): 50,000 barrels a day
- 5. Mubarras oil field (United Arab Emirates): 20,000 barrels a day

(5) Political commentary by Satoshi Morimoto, director, International Affairs Research Institute, Takushoku University: We must not let another crisis occur in the Japan-US alliance; Japan must be resolved to bear risk and sacrifice

SANKEI (Page 15) (Full)
February 20, 2006

Two crises in alliance occurred in the past

We continue to exist in an age of instability where the future seems bleak, but despite these conditions, people have no choice but to live on. States, too, must bear the responsibility of protecting the safety and prosperity of their people.

Looking at the international community, I would not rule out conditions to exist allowing a hegemonic struggle between Russia or China and the United States, whose overwhelming power is likely to decline in relative terms in the future.

Japan remains unable to sweep away the constrictive elements of the Constitution, which was created under conditions of Japan having had lost its sovereignty, and remains as a negative policy remnant of the postwar period. In Asia, China is steadily rising, and although I do not think it can sustain the momentum, we cannot ignore the military threat that is spreading across the neighboring region. Japan must move closer to the US in the alliance, and it must play a mutually complementary role in the US' Asia strategy. There is no other way to effectively pursue

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stability that would benefit the nations of Asia.

However, the Japan-US alliance now is beginning to slip into a quiet crisis. It brings to mind the times during the Cold War when the Japan-US alliance faced a crisis at least twice.

The first occurred during the outbreak of the Iran revolution of 1979. The US broke off diplomatic relations with Iran when its embassy staff was held hostage in Teheran. At the time, when Japan continued to buy crude oil from Iran, it set off a crisis in its relations with the United States.

The second time occurred at the time of the North Korea nuclear crisis in 1994. Japan was asked to cooperate with maritime ship

searches and a blockade of North Korea as a response against the turmoil caused by the North. Japan, citing its constitutional restrictions, refused to cooperate.

Withdrawal from Iraq is in neither Japan's nor Iraq's interests

The most pressing issue right now for the international community is Iran's nuclear development program. For the United States, now heading into an off-year election, the issue has top priority attention. Not only does this issue put the NPT regime in jeopardy, it also is a matter of national security for Israel. There is also the problem of the potential for Islamic-fundamentalist terrorists possibly getting their hands on Iran's nuclear weapons. Although it will be difficult to resolve the criminal intent of Iran's nuclear program, Iran, which has the second largest oil and gas reserves in the world, has been taking lightly so far the responses of the international community. Although it is difficult to conceive that the United Nations Security Council will quickly pass a sanctions resolution, if the price of oil rises any higher, it would have a sharp impact on the world economy.

Japan imports approximately 15% of its crude oil from Iran. It also is involved in the Azadegan oil field development project. Japan should think seriously about how it is being seen by the US, and should try to avoid a repeat of the alliance crisis of the past.

According to the QDR (quadrennial security review issued by the Pentagon), the US-led war on terror is likely to last for a long time. Japan has sent Self-Defense Forces (SDF) units to Iraq and the Indian Ocean in direct and indirect support of the war on terror, but Japan should think how this might look not only to the US but to the international community as well when Japanese troops are withdrawn this year.

The US is in no position to welcome Japan's withdrawal; nor is the Iraqi's new government. It is just too regrettable that Japan's contributions and accomplishments in Iraq through the presence of the SDF will just disappear. Consideration should at least be given to building a humanitarian and reconstruction assistance center in southern Iraq, so that the SDF can leave their mark there.

Handling of base issues greatly disappoint US

I would like now to turn to the talks continuing between Japan and the US on realignment of the US forces in Japan that are heading for a final report in March. Role sharing in order to

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strengthen the Japan-US alliance cooperation is going smoothly.

However, the US takes the stance on base issues that the substantive talks were wrapped up with the interim report, and that now all that needs to be done is for the Japanese government to implement the contents. However, the implementation situation of the Japanese government has been much too inadequate. Local communities are solidly against the agreement, and the effort to persuade Okinawa has not even approached the level of horse-trading yet. The DFSA scandal is also weighing the situation down, and there has been no progress. The US is greatly disappointed.

In Japan's relations with China and with the Republic of Korea, as well, there is a mood of impasse over the Yasukuni Shrine issue. The US' attitude is one of perplexity toward the way Japan has been handling the issue, and China has been vigorously sucking up to the US. The US on the issue of Japan's bid for a permanent seat on the UN Security Council has a strong feeling of not going along with Japan's request. On the beef import issue as well, although there are problems with the way the US handled it, Japan's approach, too, is unconvincing to the American society. At any rate, nothing seems to be going well with the Japan-US relationship.

The reason why such problems have arisen stem from the nation's foreign, security, and defense policies not being coordinated in a comprehensive way. In order to resolve the crisis, I would suggest the establishment of a national security, foreign affairs, and defense advisory council that would draft and coordinate policy from a strategic point of view.

The alliance relationship must be one in which both sides share the risks and bear the sacrifices, while pursuing common interests. If the situation is left to progress as is, the US will begin to have doubts about Japan's desire to pursue those goals and put them into practice. That indeed is where the risk to the alliance lies. It is the responsibility of politics to get through such a situation. That is a large responsibility to fulfill.

(6) Dark clouds hanging over Koizumi's plan to finish up his reform drive; Opposition growing stronger to specifics

NIHON KEIZAI (Page 2) (Abridged)
February 20, 2006

Dark clouds have begun gathering over Prime Minister Junichiro Koizumi's plan to complete his reform drive in the current Diet session. His administration is faced with a set of four issues, including the Livedoor scandal. In addition, many Liberal Democratic Party policy cliques with ties to special interests and bureaucrats have begun putting up stiff opposition to reforming specific areas although they had agreed to pursue structural reform reforms in principle. Koizumi has charted a clear policy to privatize the nation's postal services and the government-affiliated financial institutions, but he has only about six months to complete his reform drive before leaving office in September. Will he be able to keep his grip on the LDP and bureaucrats?

CEFP puts discussions ahead of determining policies

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In a meeting of the Council on Economic and Fiscal Policy (CEFP) held on Feb. 15, a private-sector member presented a simulation of the reform of revenues and expenditures. Apparently displeased with the simulation, Prime Minister Koizumi only said: "I found the explanation insufficient. The general public would not understand it."

Koizumi has rarely spoken up at CEFP meetings this year, serving strictly as a listener in debates on economic growth between State Minister in Charge of Economic and Fiscal Policy Kaoru Yosano and Internal Affairs and Communications Minister Heizo Takenaka.

Until last year when Takenaka led the CEFP, Takenaka used to coordinate views with private-sector members before the council produced proposals. In many cases, such proposals were used in CEFP meeting to induce Koizumi's instructions and set the tone for reforms. At present, CEFP is used for cabinet ministers' debates on simulations worked out by administrative officials rather than to determine policies.

Determining options for the reform of revenues and expenditures and an implementation timetable is the CEFP's main objective for the first half of this year. But Koizumi does not seem to take a great interest in discussions on simulations, according to a person close to Koizumi. Last year, Koizumi occasionally rebuked cabinet ministers for implementing reforms. But in the eyes of some CEFP-connected members, such zeal is visibly absent from Koizumi today.

Opposition to reducing the number of national public servants

The government plans to submit to the current Diet session an administrative reform promotion bill so as not to allow the reform trend roll back even after Prime Minister Koizumi steps down. But the government's efforts to produce concrete plans have

hit rocky ground. A net reduction of civil servants by more than 5 % over the next five years is the government's basic plan. But government agencies have begun openly voicing opposition to reducing personnel in specific areas on a priority bases.

The Justice Ministry, for instance, has reacted fiercely to the Cabinet Secretariat Administrative Reform Promotion Office's decision to deeply cut the number of personnel at punitive facilities, such as prisons, with the exception of prison guards.

Four government agencies, including the Ministry of Justice and the Ministry of Agriculture, Forestry and Fisheries (MAFF), are scheduled to submit their personnel reduction plans to the Administrative Reform Promotion Office later this month. The Reform Promotion Office is most likely to trim their plans even further. Other government agencies are watching closely a tug-of-war between the Reform Promotion Office and the four agencies. "Once an exception is made, the principle would collapse," a Reform Promotion Office official said defensively.

Future of regulatory reform also murky

The future of regulatory reform, which Prime Minister Koizumi has been pursuing since assuming office, is also becoming unclear. The government's Regulatory Reform and Private Sector Liberalization Promotion Council has produced a set of recommendations in December in recent years. This year, the

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council intends to map out recommendations in June on 11 priority items, including the reform of NHK (Japan Broadcasting Corp.) and the education system, to reflect them on the government's "big-boned policy" with a view to nailing down a conclusion before Koizumi steps down.

At the same time, the council, reversing its priority until last year, has decided to give up tampering with the agriculture sector, such as reforming agricultural cooperatives. The administration was forced last year after the Sept. 11 Lower House election when its foundation was rock-solid to forgo agricultural reform due to stiff resistance from MAFF and LDP agricultural policy specialists. In view of such developments, the council has judged it difficult to reform the agricultural sector without Koizumi's backing.

Koizumi's reform calendar

Late February

Four government agencies submit priority personnel reduction plans to the Administrative Reform Promotion Office.

March 10

A cabinet decision on an administrative reform promotion bill; sends the bill to the Diet.

Late March

The government produces an interim report on a design of institutional arrangements for the reform of the government-affiliated financial institutions.

Late March - Early April

The Council on Economic and Fiscal Policy produces an interim report on options for a revenue-and-expenditure reform.

June

CEFP maps out recommendations on 11 priority items. Government agencies to produce plans to reduce their payrolls----

CEFP compiles a list of options for a revenue-and-expenditure reform and an implementation timetable.

Late June

The government makes a cabinet decision on 2006 big-boned policy.

SCHIEFFER